

September 16, 2005

The Honorable Elaine L. Chao
Secretary
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210-0002

Dear Secretary Chao:

As you know, my state was severely impacted by Hurricane Katrina. We have an immediate need for increased flexibility to design and deliver workforce services that will allow us to respond effectively to the disaster and its effects. Accordingly, we are requesting the following Workforce Investment Act (WIA) waivers:

1. Waiver of the administrative cost limitation set forth at WIA Section 128(b)(4)(A) and 20 CFR 667.210(a)(2). In many local areas, the hurricane has created the need for additional administrative expenditures to replace losses and to handle the increased demand for workforce services. This waiver will allow me to extend flexibility to those local areas that demonstrate need. The state understands that this waiver is limited to six months from date of waiver approval.
2. Waiver of the funds transfer limitation at WIA Section 133(b)(4) to permit the state to approve local area requests to transfer up to 100 percent of local area allocations between the WIA Adult and Dislocated Worker programs. This will increase the capacity of affected local areas to meet the needs of hurricane-impacted individuals and employers.
3. Waiver of the language that limits the authority to provide the activities identified in WIA Section 134 to the state. We are seeking this waiver to permit local areas to request the use of up to 100 percent of local area formula allocation funds to provide statewide employment and training activities. The ability to use local area formula funds more flexibly is extremely important at this time.
4. Waiver of the reallocation provisions at WIA Sections 128(c)(2) and 133(c)(2), and 20 CFR 667.160, to permit the state to develop more flexible recapture and reallocation policies. We seek the flexibility to recapture funds from local areas that have not expended at least 80 percent of their local funds in the first year to be used for statewide use or reallocated to other eligible local areas. We also request the ability to consider additional factors in determining local area eligibility for a reallocation of recaptured funds, including demonstrated need and ability to use additional funds.
5. Waiver of the required 50 percent employer match for customized training at WIA Section 101(8)(C). This will allow local areas to offer a sliding scale match based on criteria developed by the state for businesses impacted by the hurricane and those training hurricane-

- impacted individuals. Under the waiver, we request the flexibility to permit local areas to reimburse the employer for up to 100 percent of the wage rate of participants.
6. Waiver of the employer reimbursement for on-the-job training at WIA Section 101(31)(B) for hurricane-impacted businesses and businesses training hurricane-affected individuals.
 7. Waiver of performance provisions in WIA Section 136(b) and (c) for those participants who were served in impacted state and local areas leading to the displacement of their WIA participants. Because the local areas on the Gulf Coast have lost their current WIA participants to other local areas, and in many cases, other states, ETA should exclude from the performance measures of those participants who have been forced from their local area or state due to the hurricane or where the individual cannot or does not participate as planned due to damage to an entity or facility such as a training facility or on-the-job training employer.
 8. Waiver of the provisions of WIA Section 122 to allow individual training accounts (ITAs) for training hurricane-impacted individuals in demand occupations in courses or at providers not on the State's eligible training provider list.
 9. Waiver of the limitation on use of funds for capitalization of businesses at WIA Section 181(e) to permit WIA funds to be used to capitalize a small business up to \$5,000. This will allow us to assist businesses that were destroyed by the hurricane and to create new employment opportunities.
 10. Waiver of the requirement that local programs provide each of the ten youth program elements at WIA Section 129(c)(2) as options available to youth participants. Such a waiver will allow affected local areas to focus on the youth elements most needed to meet the needs of youth.
 11. Waiver of youth eligibility requirements at WIA Section 101(13)(B) and (C) for individual youth who have been displaced by Hurricane Katrina. Such a waiver would allow local areas to provide needed services to a different hard-to-serve population that could have not been anticipated.
 12. Waiver of 20 CFR 664.510 under WIA section 129 to permit the use of Individual Training Accounts (ITAs) for youth.
 13. Waiver of 20 CFR 664.450(b) under WIA section 129(c)(2)(I) that requires all youth participants receive some form of follow-up services for a minimum duration of 12 months. In anticipation of the transitive nature of youth participants displaced by the hurricane, many youth may receive services in temporary locations and return back to their homes or move to new locations and such youth could be included for a waiver of the 12 month minimum.
 14. Waiver of WIA Section 123 requirement that eligible providers of youth activities shall be identified on a competitive basis. In those areas impacted by Hurricane Katrina we may consider waivers where service providers have diminished capacity or where there is a dearth of providers.

Additionally, as requested in the State Plan, we are requesting designation as a work-flex state. Under this designation, we would like to provide waivers of provider eligibility provisions applicable to local areas under WIA section 122. We seek the flexibility to enable local areas to provide training for individuals by instructors and providers they deem most qualified, given the immediate demand for training and the loss of training providers. The state will ensure that training providers are helping individuals with skills in-demand that lead to sustainable

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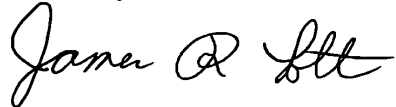
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employment. As other local level barriers are identified during the recovery process, we hope to provide additional waivers for local areas under the work-flex authority.

The State also requests that the waivers identified above as numbers 5, 6, and 9 be granted to apply additionally to the National Emergency Grant funds received in response the Hurricane Katrina. We are submitting these requests per the requirements for submission of a waiver plan under WIA section 189(i)(4) and 20 CFR 661.420, and the requirements for submission of a work-flex plan under WIA section 192 and 20 CFR 661.430. Accordingly, we have determined that there are no state or local statutory barriers. The waiver plan and work-flex plan will allow the state to immediately address the workforce challenges facing the state. The precise programmatic and performance outcomes will be negotiated with the ETA regional office within the next three months. The state will monitor progress and ensure accountability for federal funds in connection with these waivers by reviewing monthly expenditure, performance and other reports submitted by local boards, through regularly scheduled calls or meetings with local board directors, through regular contact with the ETA regional office liaisons, and through its monitoring and performance accountability system. We have posted the waiver and work-flex plans to our Web site for review and comment, and have consulted local boards and other stakeholders. We appreciate your consideration of these requests and seek an expedited response, if possible, so that we may be able to move forward in our efforts.

Thank you for your assistance. Questions concerning this request may be directed to me at 601-321-6107 or jlott@mdes.ms.gov or to Wanda Land at 601-321-6597 or wland@mdes.ms.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Lott". The signature is fluid and cursive, with the first name "James" being the most prominent.

James R. Lott

Deputy Executive Director

Cc: Helen Parker